COVID-19 Rent Payment Report
Exclusive Analysis - June 2020
Introduction

The COVID-19 pandemic has affected residents and multifamily operators in unprecedented ways, and its effects are still unfolding. In our May Rent Payment Report we explored how, in spite of a dip in rent payments since COVID, rent payment behavior held relatively steady.

Although June rent payments have remained stable, questions remain about growing rent relief needs as government subsidies dry up. This report explores rent payments through the June grace period (June 1 - 5) based on transaction data sourced in real-time from multifamily property management systems. In this report, you will learn:

• Changes to rent payment behavior in June, compared to May
• Rent behavior and impact by asset class
• The growing number of renters seeking rent assistance programs
• Comparisons and trends across major metros

Methodology

Rent payment data is sourced from direct integrations with property management systems in the multifamily industry. Analysis includes a 105,070 unit sample from 1,029,428 units under management by LeaseLock clients.

Data is nationwide, representing over half of the NMHC Top 10 property managers in the country and all asset classes. Asset class composition: class A (37%), class B (48%) class C (15%). All data has been anonymized to remove personally identifiable information for renters and property managers.
June Rent Payments Hold Steady from May

Comparing the total percent of rent collected during the June grace period (typically the first 5 calendar days of the month) against the same time period in May, we see payments held steady month-on-month. However, rent payments have yet to recover to pre-COVID levels — rent collected in June remains 6% lower than the percent of rent collected during the average grace period.

Rent Payments Rebound After Shaky First Day

Rent payments on the first of June were lower than in previous months, although still higher than the average. May especially saw a strong spike in first-day rent payments compared to the average, as federal relief checks came in and residents made a concerted effort to make their payments on time.

With federal relief checks long gone and bolstered unemployment benefits set to expire in July, renters didn’t show quite as much confidence as they did in May to make a first-day payment. However, as the grace period wore on, June rent payments rebounded.
Payments Begin to Stabilize for Asset Class C Renters

May saw a major drop in rent payments among asset class C, due in part to the wave of service industry lay-offs in April. However, as businesses began to reopen, the Bureau of Labor statistics announced a slight recovery in May unemployment. The largest employment gains were seen in hospitality and retail sectors according to the Wall Street Journal, which most directly affects Class C residents. The effects of this shift are beginning to show — while Class C rent payments remain low in June, the major drop seen in previous months has slowed to only a 1% dip.

Growing Number of Residents Seeking Rent Assistance

Unemployment rates may be improving, but data suggests some Americans are still feeling the financial strain. Google shows search interest in “rent assistance” nearly doubled in April. Searches for this term also spiked in Mid-May, suggesting renters were concerned about rent in the lead up to June, and the need for rent relief remains strong.
Dallas and Texas Rebound Slightly After Major Drop

The city of Dallas has seen a significant drop in rent payments since COVID, with May hitting an all-time low of 25% of people paying rent during the grace period. However, Dallas experienced a slight rebound in June rent payments. It appears that Texas businesses starting to reopen in May may have helped reduce unemployment levels, and boosted residents' economic confidence.

Zooming out, the slight boost in June rent payments extended to the entire state of Texas as well. Along with businesses reopening statewide, Texas took several steps to address financial needs of renters, including a rental assistance program and relaxing unemployment guidelines for residents affected by COVID-19. This combination of efforts may have played a role in this small but notable recovery.

Los Angeles Renters Still Struggling to Regain Footing

As we explored in our June 1 analysis and back in May, renters in Los Angeles continue to struggle to make rent payments.

This drop is perhaps attributed to rising unemployment among Angelenos specifically, a lack of rental assistance, federal benefits running out, and recent protests across the city.
Payment Relief Remains Important for Renters in Need

While renters who can pay rent remain committed to doing so, the data suggests that there are still renters struggling to make full payments. For renters unable to make full rent payments, the amount of rent they’ve paid has dropped steadily since COVID, reaching its lowest amount in the June grace period.

This suggests that for renters unable to make full payments, payment plans and alternate arrangements continue to be important as the economy recovers. With the $600 additional federal unemployment benefits ending in July and Paycheck Protection Program funds quickly drying up, economic insecurity remains for many renters. Paycheck protection enabled small businesses to keep staff on payroll, but without further funding the future remains uncertain about employer’s ability to keep their staff employed in the long-term.

Helping Protect Multifamily From Rent Loss

LeaseLock provides over $5,000 coverage on every lease, and totally eliminates security deposits, surety bonds and guarantors. Increase your occupancy, and reduce your bad debt to generate $100k NOI per property:

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